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SUBJECT: RUSSIA'S RETURN TO AFRICA

REF A: Abuja 1171
REF B: Windhoek 235

¶1. (SBU) Summary: President Medvedev's June trip to Africa marked Russia's attempt to "return" to Africa and increase economic ties after a period of relative inactivity on the continent following the collapse of the Soviet Union. Medvedev visited Egypt, Nigeria, Namibia, and Angola June 23-27, accompanied by representatives of Russian businesses, especially those in the energy and mining industries. In Cairo, Medvedev also took on the MEPP, addressing the Arab League and highlighting Russia's historic friendship with the Muslim world. Medvedev's effort stands in contrast to his predecessor, Prime Minister Putin, who spent little time in Africa during his eight years as President. Medvedev conceded that his trip may have come "too late" for Russia to gain access to the continent's significant natural resources. End summary.

It's the Economy

¶2. (SBU) President Dmitry Medvedev visited Egypt, Nigeria, Namibia, and Angola June 23-27 on his first official trip to Africa. The visit commenced Russia's "return to Africa" after almost two decades of inactivity following the collapse of the Soviet Union. Medvedev was accompanied by a 400-person delegation that included the Ministers of Natural Resources, Justice, and Energy, as well as the heads of Rosatom, the state-owned nuclear corporation, and LUKoil. Medvedev commented June 27 that he believes Russian companies should compete with other multinational corporations in Africa, emphasizing that economic competition is desirable. The purpose of the trip was largely to further Russia's economic ties with African states, which corroborates our previous reporting which noted Russia-Africa relations are primarily economic. Medvedev said, however, that the leaders also discussed "how to position the African continent in the international arena."

¶3. (SBU) On his first stop, Medvedev met with Egyptian President Hosni Mubarak. The leaders agreed that negotiations on the Israeli-Palestinian conflict should reconvene as soon as possible. Medvedev said on his video blog that the two leaders also discussed economic cooperation, but did not specify which fields. In Nigeria, his next stop, Medvedev met with President Umaru Yar'Adua, and the Russian delegation discussed cooperation in the oil and gas industry. Medvedev said on his video blog that Russia "must play an active role on different continents" or risk not being a major player in the oil and gas industry. The leaders signed six new agreements on cooperation, including in the oil and gas field (ref. A). Gazprom and NNPC, Nigeria's state-run company, signed a USD 2.5 billion deal to create the joint company NiGaz. The firm will build refineries, pipelines, and gas power stations. (Note: the firm's name, a combination of Nigeria and gas, has caused controversy in the press and in the blogosphere, for its resemblance to a racial epithet. End note.)

¶4. (SBU) Medvedev met with President Hifikepunye Pohamba of Namibia

June 25-26. According to a presidential aide, Sergei Prikhodko, the leaders discussed cooperation on electricity projects because Namibia currently imports almost all of its electricity from South Africa. The leaders signed a variety of agreements, including one regarding hydrocarbon exploration between Gazprom and Namcor, the National Petroleum Cooperation of Namibia (ref. B). Local press reported that Russian businesses have shown growing interest in Namibia's natural resources such as diamonds, natural gas, coal, silver, gold, and uranium. Russia-Namibia bilateral trade turnover in 2008 was \$6.35 million, which Prikhodko said indicated room for growth. Medvedev also invited Pohamba to visit Russia.

15. (SBU) On his last stop, Medvedev met with President Jose Eduardo dos Santos of Angola. The leaders discussed Russian investment in mining, power, transportation, telecommunications, education, healthcare, and military and technical cooperation projects in Angola. The leaders also reportedly discussed how oil prices are determined in the international market and how the system could be improved, which was unsurprising given that Angola is currently chairing OPEC. Medvedev told journalists after the meeting that "the oil market should not depend on the situation in one economy." Medvedev also invited Santos to visit Russia.

In President Obama's Wake?

16. (SBU) Medvedev delivered his first speech to the Arab League in Cairo June 24. Medvedev said that regional and sub-regional groups, such as the Arab League, BRIC, and the Shanghai Cooperation Organization, are increasing in importance because today's "global mechanisms are not in balance." He said that he envisions "a new and fair world order" that, for the first time in centuries, fully

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reflects the world's diversity.

17. (SBU) Medvedev outlined Russia's policy on the Israeli-Palestinian conflict, calling for an end to the occupation of Palestinian and other Arab land. He said that any solution must guarantee free access to Jerusalem's holy sites for followers of Islam, Christianity, and Judaism. Medvedev spoke of longstanding traditions of friendship between Russia and the Arab world. Russia does not need to seek friendship with the Muslim world, he said, because Russia and its 20 million Muslim citizens are an organic part of that world. He reported that Russia's trade turnover with the Arab League is almost USD 10 billion, but noted that there is room for more cooperation in the future.

18. (SBU) Local press noted that Medvedev's address to the Arab League took place shortly after President Obama's June 4 Cairo speech, but did not receive as much media attention. RIA Novosti commentator Maria Appakova said that Medvedev's comment about Russia not needing to seek friendship with the Muslim world was a reference to President Obama's Cairo speech earlier that month. Appakova said that Medvedev was suggesting that, unlike the U.S., Russia does not need to mend troublesome relations with the Muslim world.

New Beginnings

19. (SBU) Medvedev's four-stop visit to Africa is a departure from his predecessor's administration. During his eight years as president, Vladimir Putin spent very little time in Africa, only visiting South Africa, Morocco, and Egypt. Medvedev commented June 27 to reporters that work with Russia's African partners should have begun sooner. He conceded that his trip may have come "too late" for Russia to gain access to the continent's vast natural resources.

"Our policies here will be very friendly, but at the same time pragmatic," Medvedev said.

Comment

¶10. (SBU) Medvedev's comments reflect the GOR's belief that business is done by governments. Russian companies, including its oil and gas giants, have a legitimate interest in pursuing opportunities abroad, while given state control and influence over many of these companies, they are ill-equipped to deliver substantial benefits to partners, even in Africa. Other than political support from the GOR, Gazprom, for example, is in no position to compete with major western international oil and gas companies in helping Nigeria develop its oil and gas sector. We are therefore not convinced that many of the agreements and "deals" reached on this trip will result in much economic benefit to either side. Even in Africa, the most meaningful deals should be those that offer the best economic returns.

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